



Informational Memo

Management Services - Memo No. 21-024

Date: October 29, 2020

To: Mayor and Council

Thru: Marsha Reed, City Manager *MR*
Dawn Lang, Management Services Director *DL*

From: Matt Dunbar, Budget Manager *MD*

Subject: Fiscal Year (FY) 2020-21 First Quarter Financial Report

Attached is the FY 2020-21 First Quarter Financial Report, summarizing budget to actual performance of General Fund operating revenue and expenditures, and additional summaries and analysis of Enterprise, System Development, Impact Fees, Highway User Revenue and Grant funds.

The analysis included in this report provides a snapshot as of the end of the first quarter of FY 2020-21 by reflecting budget to actual compared to historical trends and the prior year. These historical comparisons are based on actual results compared to budget, over the last four years (FY 2016-17 to FY 2019-20), and an explanation has been provided in those areas where there are significant deviations from the historical trend or the prior year's results.

With certain segments of the economy declining due to the pandemic and others continuing to see growth, we are seeing, on a segment basis, the "K" recovery many economists have been discussing over the last few weeks. In totality, COVID-19 is having less of an effect on revenues than anticipated in the first quarter, and most General Fund performance indicators are still showing as positive. The exceptions are *General Fund Charges for Services and Other Revenue*. Charges for Services revenue is trending lower due to facility closures and reduced capacities related to the COVID-19 pandemic, while Other Revenues are down due to lower court fee and interest collections.

The General Fund first quarter reflected overall continued revenue growth with 25.7% of budgeted revenues received, and departmental expenditure rates came in at 25.5% of adopted budget expended or encumbered at the end of the first quarter, demonstrating

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that the additional spending cautiousness has been helpful in ensuring cost containment during these uncertain times.

Should you have additional questions regarding this information, please contact me at x2256 or Dawn Lang at x2255.

Attachment: FY 2020-21 First Quarter Financial Report

c: Debra Stapleton, Assistant City Manager
Joshua H. Wright, Assistant City Manager



CHANDLER
arizona

Management Services

Quarterly Financial Report

1st Qtr FY 2020-21

Performance at a Glance

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PERFORMANCE INDICATORS (At year-end, revenues performance indicators default to positive when 100% or more of budget is collected)

- * **Positive** = Rev: Budget received is above or variance is < 2% below historical trends. Exp: Positive variance > 0% for % of budget.
- Warning** = Rev: Variance of 2 - 5% below historical trends. Exp: Variance of 2 - 5% above historical trends.
- Negative** = Rev: Variance of > 5% below historical trends. Exp: Negative variance < 0% for % to budget.

THE QUARTERLY FINANCIAL REPORT

Report Objectives

- * Provide historical comparisons to identify trends or deviations from trends.
- * Develop performance benchmarks to measure positive and negative results.
- * Create an executive level report to highlight potential issues or concerns.

What is Included in the Report

The report emphasizes General Fund, with analysis of its revenue and each category of revenue, and the expenditures by department. Also included is a summary and analysis of Enterprise Funds, System Development Fee and Impact Fee Funds, the Highway User Tax Fund, and Grants.

How to Read the Report

- * Page 1 serves as a table of contents and quick view of performance issues.
- * The benchmarks are Positive (navy colored), Warning (grey colored), and Negative (maroon colored), providing an initial indicator to determine if the category needs to be monitored closely in the upcoming period or if it is deviating from trends.
- * Performance indicators for General Fund *revenues* are comparing the percent of year-to-date actuals collected to total budget AND the budget prorated based on the historical trend (last four years) of average actual year-to-date collections to budget.
- * Performance indicators for General Fund *expenditures* are based on whether they are within budget for the percent of year-to-date actuals expended plus encumbrances compared to the total budgeted expenditures.
- * Performance indicators for Enterprise Funds focus on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

ECONOMIC INDICATORS

Gross Domestic Product (GDP)

Real gross domestic product - the output of goods and services produced by labor and property located in the US. Reflects spending for households, business, government, and trade.

The change to the GDP is an indicator of the general direction of the economy. Slow or negative growth will likely mean lower revenues for the City.

Third Quarter 2019 (revised estimate)	2.6%
Fourth Quarter 2019 (revised estimate)	2.4%
First Quarter 2020 (third estimate)	-5.0%
Second Quarter 2020 (third estimate)	-31.4%

Source: U.S. Department of Commerce

Interest Rates

This table reflects the four changes to the Federal Funds Rate by the Federal Reserve Board, during this reporting period.

Lowering the Federal Funds Rate is a way for the Federal Reserve Board to make it less expensive for banks to borrow money for loans and investments and (in theory) pumping additional dollars into the economy.

September 19, 2019	1.75%-2.00%
October 31, 2019	1.50%-1.75%
March 3, 2020	1.00%-1.25%
March 16, 2020	0.00%-0.25%

Source: Federal Reserve Bank

Unemployment

	National*	State of Arizona*	Phoenix Metro Area*
Jun-20	11.1%	10.0%	9.6%
Jul-20	10.2%	10.7%	10.4%
Aug-20	8.4%	5.9%	5.9%
Sep-20	7.9%	6.7%	6.3%

High unemployment rates typically result in a reduced demand for goods and services.

*Source: Arizona Office of Economic Opportunity Monthly Employment Report (not seasonally adjusted)

City Investment Portfolio

The City splits its investment portfolio between two investment firms with a different mix of holdings at each firm to reduce risk. The City's benchmark is the 1-3 year Merrill Lynch Treasury Index.

Rate of Return includes interest earnings as well as both realized and unrealized gains/(losses). Rate of Return is typically negative in a rising rate environment.

Fiscal Year 2020-21 Rate of Return	1st Quarter	Fiscal Year
Benchmark	0.10%	0.10%
Wells Capital Management	0.15%	0.15%
PFM	0.19%	0.19%
Fiscal Year 2019-20 Rate of Return	1st Quarter	Fiscal Year
Benchmark	0.58%	0.58%
Wells Capital Management	0.84%	0.84%
PFM	0.74%	0.74%

Source: Investment Advisors

Building Permits

Single-family building permits are an indicator of the general economy. Higher numbers of permits indicate an active construction market and resultant home sales. Fewer building permits generally equates to less new construction, and permit fees and construction sales tax revenues.

Chandler's quarterly average for single family building permits is 170 permits per quarter for FY 2019-20, compared to 125 average permits per quarter for FY 2018-19.

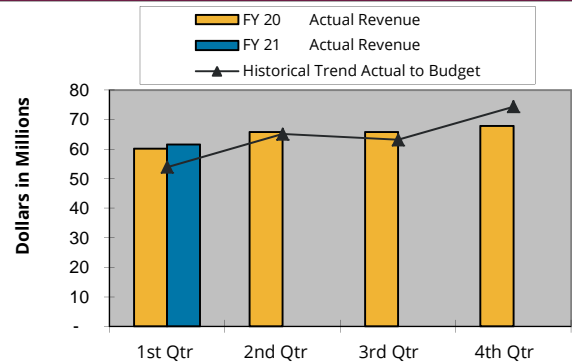
Quarter	State of Arizona	Chandler
Jan - Feb - Mar 2019	7,323	9C
Apr - May - Jun 2019	8,635	13E
Jul - Aug - Sep 2019	8,615	15E
Oct - Nov - Dec 2019	8,288	19C
Jan - Feb - Mar 2020	9,477	19E
Apr - May - Jun 2020	8,426	13E
Jul - Aug - Sep 2020	11,795	16E

Revenue Analysis:

Overall General Fund Revenues FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 53,544,626	\$ 61,567,372	25.7%	22.5%
2nd Qtr	Oct - Dec 20	60,954,420			
3rd Qtr	Jan - Mar 21	59,134,970			
4th Qtr	Apr - Jun 21	69,640,778			
Total		\$ 239,774,381	\$ 61,567,372	25.7%	22.5%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



Positive

General Fund revenue collections through the first quarter of FY 2020-21 are \$8.0M (15%) above the budget based on historical trend and \$1.4M (2.3%) higher than actual collections for FY 2019-20.

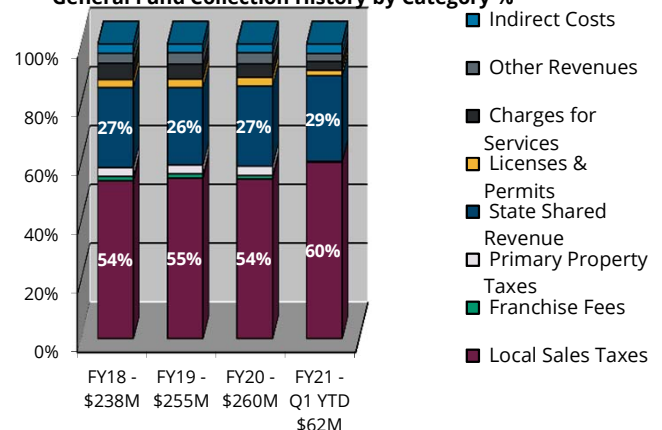
The economic changes caused by the COVID-19 pandemic are effecting overall revenue projections. Most significantly the pandemic has impacted Sales Tax, specifically in the areas of Restaurant & Bar, Hotel/Motel, and Amusements. The largest segment of tax is in the Retail area, and we have seen those numbers increase which is creating an overall increase in taxes inspite of other category losses. We continue to see planned decreases in Contracting collections as major projects are finalized. As this fluctuates or declines so will collections in Tangible Personal Property. The performance indicator is positive because the percentage of budget received through the first quarter is higher than the percentage of historical budget received through the first quarter.

The following charts provide more detail regarding the various sources of General Fund revenues and provide more detail on the performance indicators.

Overall General Fund Revenues by Category FY 2020-21

Revenue Categories	FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd to Date
Sales Tax	\$ 123,570,752	\$ 36,949,136	29.9%
Franchise Fees	3,375,000	27,452	0.8%
Primary Property Tax	8,161,829	45,300	0.6%
State Shared Revenue	70,770,000	17,930,911	25.3%
Licenses & Permits	6,646,000	1,224,678	18.4%
Charges for Services	12,132,406	1,839,206	15.2%
Other Revenues	7,569,808	1,663,434	22.0%
Indirect Cost Allocation	7,548,586	1,887,255	25.0%
Total	\$ 239,774,381	\$ 61,567,371	25.7%

General Fund Collection History by Category %



Positive

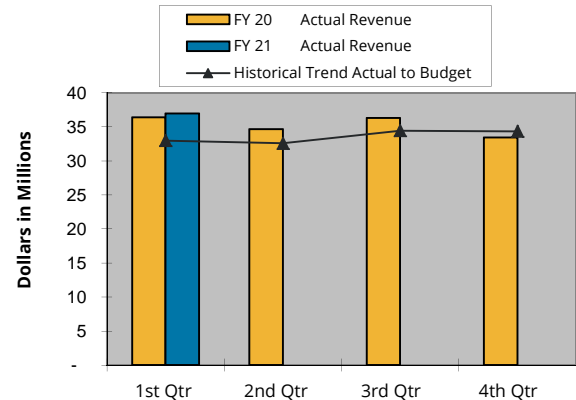
This chart summarizes General Fund revenue collections by revenue category for FY 2020-21. The graph helps us visualize what percentage each revenue category is to the total General Fund. The percentage spread of revenue sources are relatively consistent over the years with local sales taxes and state shared revenues being the largest General Fund revenue sources. The next several pages provide an analysis of each revenue category except Indirect Cost Allocation (payments by the Water, Wastewater, Reclaimed Water, Solid Waste, and Airport Enterprise Funds to the General Fund for City services provided for their operations).

Revenue Analysis (continued):

Sales Tax Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 30,407,392	\$ 36,949,136	29.9%	26.7%
2nd Qtr	Oct - Dec 20	29,947,544			
3rd Qtr	Jan - Mar 21	31,654,395			
4th Qtr	Apr - Jun 21	31,561,421			
Total		\$ 123,570,752	\$ 36,949,136	29.9%	26.7%

* Pro-rated based upon a four year historical trend of actual year-to-date collections

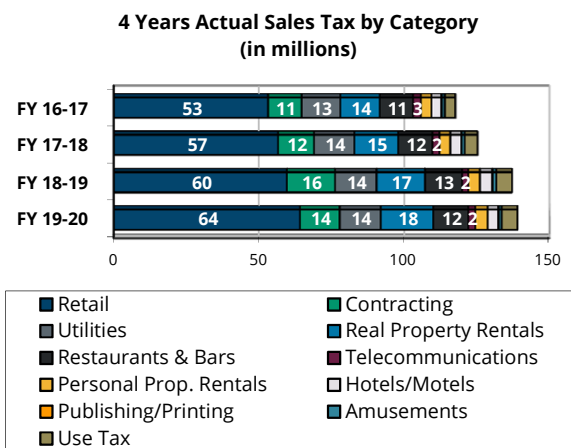


Positive

Figures above **include** General Fund local sales tax collections and the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections for FY 2020-21 are \$6.5M (21.5%) above budget and \$538,464 (1.5%) higher than FY 2019-20 actual collections through the first quarter. The performance indicator is positive because the percentage of budget received through the first quarter is higher than the percentage of historical budget received through the first quarter. While the tax revenues are coming in strong for the first quarter due to Retail increases, we do anticipate other areas to continue to show sluggishness or reductions due to COVID-19.

Sales Tax Collection History

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Actual to Budget	% Chg from Prior Yr
Retail/Mfd. Bldg/Jet Fuel	\$	56,000,000	\$ 17,103,702	30.5%	14.2%
Contracting		12,000,000	3,567,062	29.7%	-21.6%
Utilities		16,000,000	5,136,864	32.1%	8.8%
Real Property Rentals		15,000,000	4,486,716	29.9%	-3.1%
Restaurants & Bars		9,000,000	2,747,763	30.5%	-11.2%
Telecommunications		2,400,000	526,118	21.9%	-12.2%
Personal Prop. Rentals		3,500,000	898,226	25.7%	-24.7%
Hotels/Motels		2,287,552	537,295	23.5%	-26.2%
Publishing/Printing/Adv.		100,000	41,164	41.2%	-542.3%
Amusements		900,000	94,394	10.5%	-66.0%
Use Tax		4,500,000	1,397,435	31.1%	19.2%
Total Sales Tax		\$ 121,687,552	\$ 36,536,739	30.0%	1.7%



The above figures reflect General Fund sales tax collections by category and **exclude** the related revenues of license fees, audit assessments, penalties, and interest. Sales tax collections through the first quarter of FY 2020-21 were \$6.5M (21.8%) above the budget based on historical trend and \$604,858 (1.7%) higher than FY 2019-20 actual collections through the first quarter.

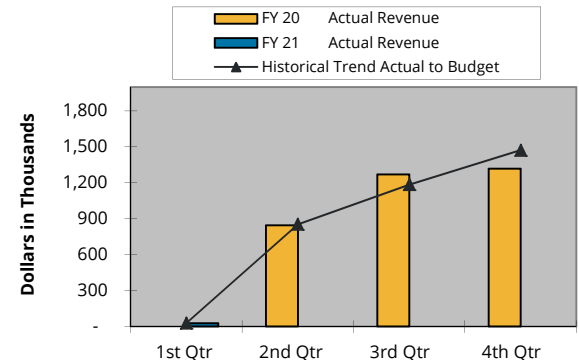
While most of the categories are negative due to COVID-19 impacts, there was a significant increase to our largest revenue category of Retail sales as well as Use Tax. The areas hit hardest by the pandemic include Restaurants/Bars, Hotel/Motel, and Amusements. The changes to Publishing reflect a significant reporting error at the State level that was resolved during the FY 2019-20.

Revenue Analysis (continued):

Franchise Fee Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 28,425	\$ 27,452	0.8%	0.9%
2nd Qtr	Oct - Dec 20	814,306			
3rd Qtr	Jan - Mar 21	1,129,240			
4th Qtr	Apr - Jun 21	1,403,029			
Total		\$ 3,375,000	\$ 27,452	0.8%	0.9%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



Positive

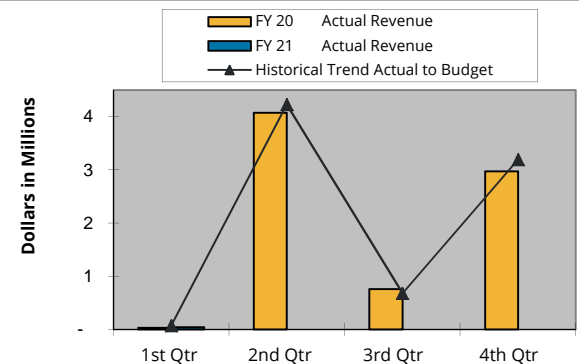
Franchise fees are paid by Arizona Public Service (2% of commercial and residential sales), Southwest Gas Corporation (2% of commercial and residential sales), Cox Communications (5% of gross revenue), Air Products (2% of gross sales), CenturyLink Cable Services (5% of gross sales), and Western Broadband (5% of gross sales).

Franchise fee collections through the first quarter of FY 2020-21 are \$973 (3.4%) less than the budget based on historical trend and \$27,452 (0.0%) higher than FY 2019-20 actual collections through the first quarter. The performance indicator is positive because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is less than two percentage points.

Primary Property Tax Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 69,731	\$ 45,300	0.6%	0.9%
2nd Qtr	Oct - Dec 20	4,225,661			
3rd Qtr	Jan - Mar 21	677,773			
4th Qtr	Apr - Jun 21	3,188,664			
Total		\$ 8,161,829	\$ 45,300	0.6%	0.9%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



Positive

This presentation only includes primary property taxes (supporting General Fund operations) and does not include secondary property taxes (supporting debt service on capital projects and recorded in the General Obligation Debt Service Fund). Property tax collections are due starting October 1st and March 1st each year. For FY 2020-21, Chandler is collecting a primary tax rate of \$0.2501 per \$100 of assessed valuation and a secondary tax rate of \$0.87 per \$100 of assessed valuation for a total rate of \$1.1201, representing a \$0.008 cent decrease from the rates adopted for FY 2019-20. This reduction helps offset some of the City's assessed valuation increase of 7.7% in FY 2019-20, which resulted in a small net tax increase for the median value homeowner.

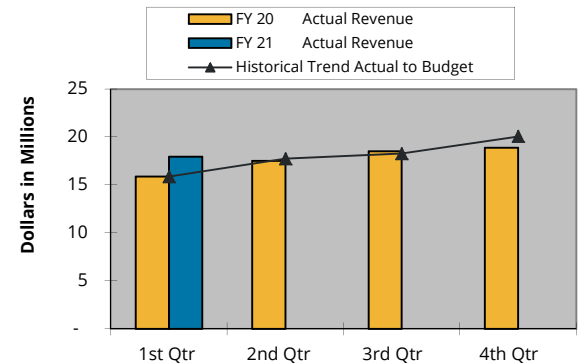
Primary property tax collections through the first quarter of FY 2020-21 are \$24,431 (35.0%) less than budget based on historical trend and \$16,702 (58.4%) more than FY 2019-20 actual collections through the first quarter. The majority of collections come in the second and fourth quarters since the first half of the property tax bills are due in October and the second half are due in March. The performance indicator is positive because the difference between percentage of budget received through the second quarter and percentage of historical budget received through the second quarter is less than two percentage points.

Revenue Analysis (continued):

State Shared Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 15,818,829	\$ 17,930,911	25.3%	22.4%
2nd Qtr	Oct - Dec 20	17,385,790			
3rd Qtr	Jan - Mar 21	17,909,809			
4th Qtr	Apr - Jun 21	19,655,572			
Total		\$ 70,770,000	\$ 17,930,911	25.3%	22.4%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



Positive

-- State Shared Sales Tax: The State sales tax rate is currently 5.6%, of which a portion of the various categories of sales tax are distributed to cities and towns based on population as State shared sales tax. Collections for FY 2020-21 are \$1.4M (31.3%) above budget and \$604,378 (11.8%) higher than FY 2019-20 actual collections.

-- Vehicle License Tax: Cities and towns receive 25% of the net revenues collected for vehicle licensing within their county from the State, as well as surcharges from vehicle rentals. The respective city share's are determined by the proportion of city population to total incorporated population of the county. Collections for FY 2020-21 are \$664,792 (30.3%) above budget and \$433,290 (17.9%) higher than FY 2019-20 actual collections.

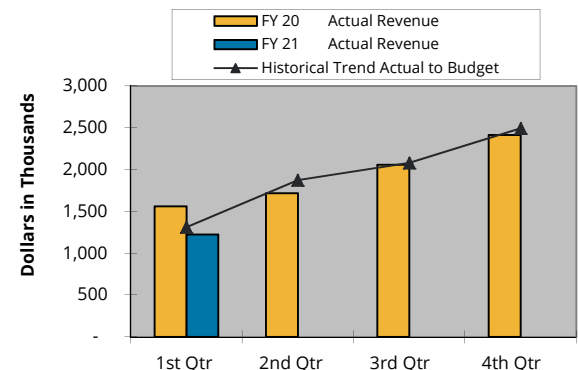
-- Urban Revenue Sharing: Fifteen percent (15%) of the 2018 State income tax collection is distributed to cities and towns as urban revenue sharing based upon estimated population, and a known overall amount due to the two year lag in distribution. Collections for FY 2020-21 are \$79,528 (0.9%) above budget and \$1M (12.2%) higher than FY 2019-20 actual collections.

The overall State Shared Revenue performance indicator is positive because the percentage of budget received through the first quarter is higher than the percentage of historical budget received through the first quarter.

Licenses & Permits Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 1,122,713	\$ 1,224,678	18.4%	19.7%
2nd Qtr	Oct - Dec 20	1,604,324			
3rd Qtr	Jan - Mar 21	1,783,425			
4th Qtr	Apr - Jun 21	2,135,538			
Total		\$ 6,646,000	\$ 1,224,678	18.4%	19.7%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



Positive

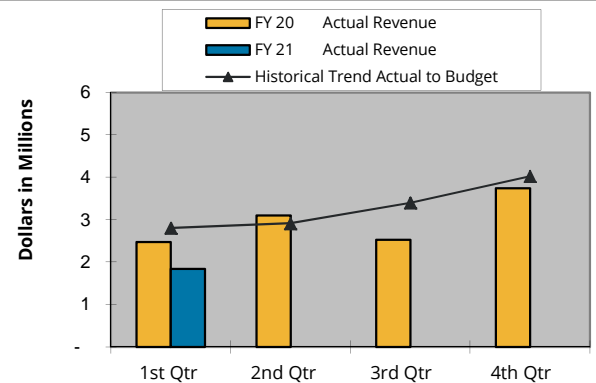
This category includes revenue for various licenses: transaction privilege (sales) tax, alcoholic beverages, transient merchants, peddlers and solicitors, secondhand and junk dealers, amusements, business registrations, and professional/occupational licenses, as well as cable license application fees. In addition, revenue from building, alarm, and fiber optic permits are included. License and permit collections through the first quarter of FY 2020-21 are \$101,965 (9.1%) above budget based on historical trend and \$337,818 (21.6%) below FY 2019-20 actual collections through the first quarter. The performance indicator is positive because the percentage of budget received through the first quarter is less than two percentage points lower than the percentage of historical budget received.

Revenue Analysis (continued):

Charges for Services Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 2,589,360	\$ 1,839,206	15.2%	23.1%
2nd Qtr	Oct - Dec 20	2,689,286			
3rd Qtr	Jan - Mar 21	3,137,204			
4th Qtr	Apr - Jun 21	3,716,556			
Total		\$ 12,132,406	\$ 1,839,206	15.2%	23.1%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



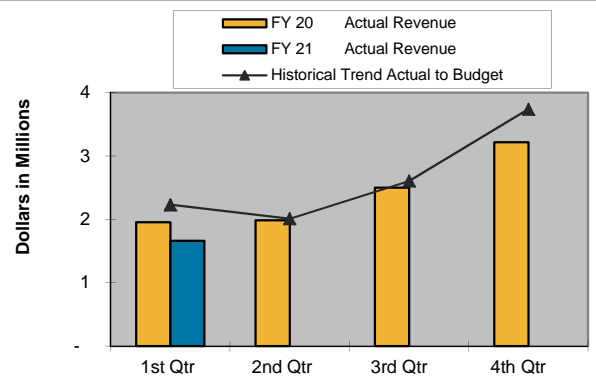
Negative

Charges for Services includes revenue from various engineering, recreation, and library fees, police and fire miscellaneous service reimbursements, and public school reimbursements. Charges for services collections through the first quarter of FY 2020-21 are \$750,154 (29.0%) below budget based on historical trend and \$635,454 (25.7%) less than FY 2019-20 actual collections through the first quarter. The decrease in revenues reflect reductions due to COVID-19 facility closures. The performance indicator is negative because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is more than five percentage points. A reduction to this revenue line was anticipated, however, as we budget on an annual basis the reduction was spread over the entire year not just the most impacted quarter.

Other Revenue FY 2020-21

		FY 21 Adopted Budget	FY 21 Actual Revenue	% of Budget Rec'd	*% of Budget Hist. Rec'd
1st Qtr	Jul - Sep 20	\$ 1,621,026	\$ 1,663,434	22.0%	29.4%
2nd Qtr	Oct - Dec 20	1,428,350			
3rd Qtr	Jan - Mar 21	1,855,001			
4th Qtr	Apr - Jun 21	2,665,431			
Total		\$ 7,569,808	\$ 1,663,434	22.0%	29.4%

* Pro-rated based upon a four year historical trend of actual year-to-date collections



Negative

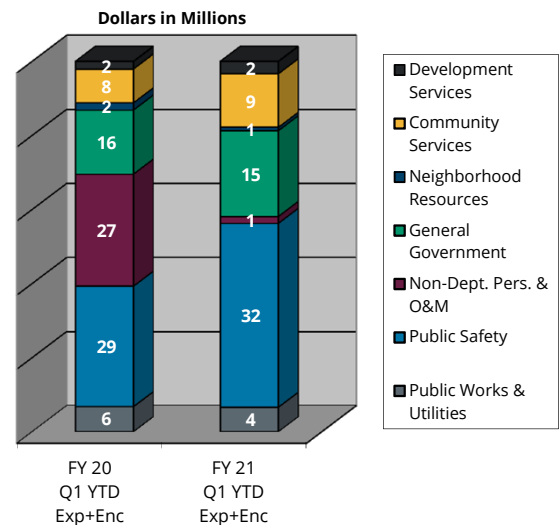
Other revenue captures interest income, fines and forfeitures, sale of land and fixed assets, and other miscellaneous items. Revenue streams in this category are not constant. Other revenue collections through the first quarter of FY 2020-21 are \$42,408 (2.6%) above the budget based on historical trend and \$290,091 (14.8%) lower than FY 2019-20 actual collections through the first quarter. The majority of the decrease reflects is attributed to court fees. The performance indicator is negative because the difference between percentage of budget received through the first quarter and percentage of historical budget received through the first quarter is more than five percentage points. While the reduction was planned for in the budget, the indicator will still show negative as revenues are compared to historical average.

Expenditure Analysis:

General Fund Expenditures + Encumbrances for FY 2020-21 by Function

	FY 21 Adjusted Budget	FY 21 Q1 YTD Exp+Enc	% of Budget Exp'd	% of Budget Prior Yr
* Dept. Operating				
General Government	\$ 56,580,136	\$ 14,852,077	26.2%	27.2%
Community Services	28,157,281	9,262,523	32.9%	29.7%
Development Services	9,490,162	2,138,192	22.5%	20.3%
Public Safety	119,578,604	31,863,057	26.6%	25.4%
Public Works & Utilities	11,757,290	4,254,619	36.2%	42.2%
Neighborhood Resources	4,037,302	591,451	14.6%	41.5%
Non-Dept. Pers. & O&M	22,233,910	1,196,280	5.4%	71.0%
Subtotal	\$ 251,834,685	\$ 64,158,199	25.5%	33.8%
Non-Dept. Reserves	\$ 1,250,000	\$ -	0.0%	0.0%
Non-Dept. Contingencies	32,195,547	-	0.0%	0.0%
Total	\$ 285,280,232	\$ 64,158,199	22.5%	84.8%

* Excluding Interfund Transfers



Total General Fund operating expenditures and encumbrances are reflected by City function, along with budgeted non-departmental reserves (encumbrance and unencumbered carryforward, utility, fuel, and downtown redevelopment) and contingencies (15% of revenues and Council Contingency). Since General Obligation debt and General Fund capital expenditures are reflected in the General Obligation Debt and General Capital Projects Funds, this presentation only includes General Fund operating expenditures to more clearly reflect the results of operations.

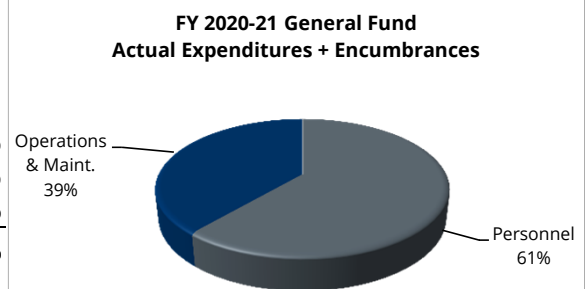
The chart reflects actual spending and encumbrances in FY 2019-20 and FY 2020-21. The maroon category (Non-Dept. Personnel and O&M) goes from \$27M to \$1M. The majority of the decrease reflects the prior year's significant payment (\$25.7M) towards the Public Safety Retirement System (PSPRS), which has been delayed in the current year due to COVID-19 (planned for \$15M). All other areas are consistent.

FY 2020-21 operating expended and encumbered is 25.5% of the adjusted budget compared to 33.8% of adjusted budget spent and encumbered last fiscal year through the first quarter. As shown on the following pages, departments (excluding non-departmental) have expended between 14.6% and 36.2% of their General Fund adjusted budgets through the first quarter of FY 2020-21.

General Fund Expenditures + Encumbrances for FY 2020-21 by Category

	FY 21 Adjusted Budget	FY 21 Q1 YTD Exp+Enc	FY 20 Q1 YTD Exp+Enc	% Change from Prior Yr Actual
*Dept. Operating				
Personnel	\$ 194,374,285	\$ 39,367,552	\$ 63,940,986	-38.4%
Operations & Maint.	57,460,400	24,790,647	26,682,080	-7.1%
Reserves/Contingencies	33,445,547	-	-	0.0%
Total	\$ 285,280,232	\$ 64,158,199	\$ 90,623,066	-29.2%

* Excluding Interfund Transfers



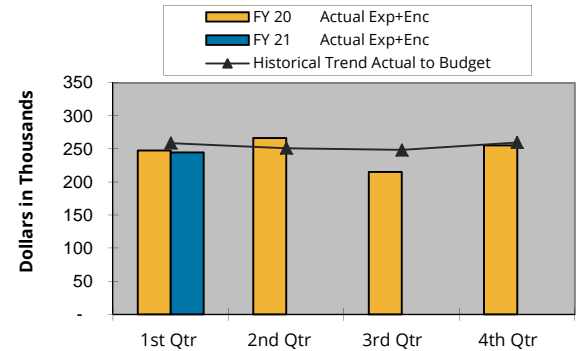
Total General Fund operating expenditures and encumbrances are reflected by spending category. Personnel spending through the first quarter of FY 2020-21 is 38.4% less than spending through the first quarter of FY 2019-20. The majority of the decrease reflects the amount paid PSPRS for the pay down of the unfunded liability. Operations and Maintenance spending through the first quarter of FY 2020-21 is 7.1% less than spending through the first quarter of FY 2019-20. The decrease reflects an effort to control discretionary spending due to the COVID-19 pandemic, as well as less personnel expenses due to positions being held vacant (increased vacancies).

Expenditure Analysis (continued / department summaries):

Mayor & Council Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 256,115	\$ 244,804	23.9%	25.3%
2nd Qtr	Oct - Dec 20	256,115			
3rd Qtr	Jan - Mar 21	245,870			
4th Qtr	Apr - Jun 21	266,360			
Total		\$ 1,024,460	\$ 244,804	23.9%	25.3%

* Historical Trend represents the average of the past 4 years % of actual to budget



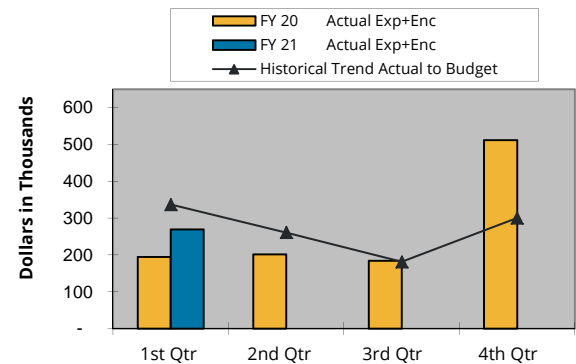
Positive

Mayor and Council spent 23.9% of their FY 2020-21 adjusted budget and has historically spent 25.3% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Clerk Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 296,527	\$ 269,185	28.3%	35.5%
2nd Qtr	Oct - Dec 20	229,511			
3rd Qtr	Jan - Mar 21	159,736			
4th Qtr	Apr - Jun 21	264,332			
Total		\$ 950,107	\$ 269,185	28.3%	35.5%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

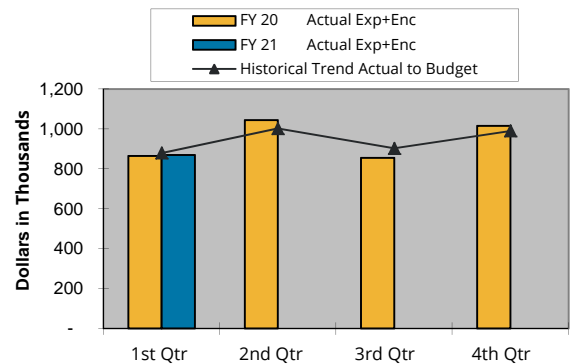
The City Clerk spent 28.3% of their FY 2020-21 adjusted budget and has historically spent 35.5% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. The FY 2020-21 budget reflects one-time funding for election expenses resulting in a lower percentage of budget expended compared to the historically trend.

Expenditure Analysis (continued / department summaries):

Law Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 20	\$	913,852	\$ 869,938	22.2%	22.4%
2nd Qtr Oct - Dec 20		1,040,911			
3rd Qtr Jan - Mar 21		938,429			
4th Qtr Apr - Jun 21		1,028,474			
Total	\$	3,921,666	\$ 869,938	22.2%	22.4%

* Historical Trend represents the average of the past 4 years % of actual to budget



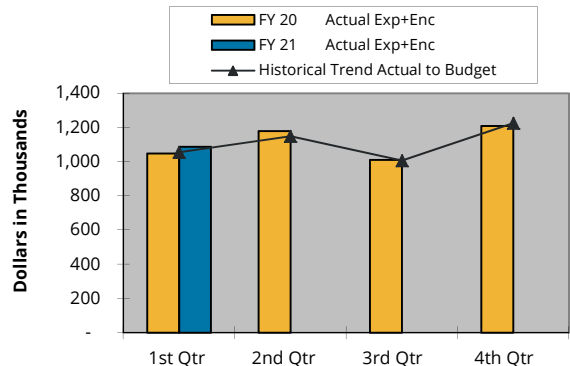
Positive

Law spent 22.2% of their FY 2020-21 adjusted budget and has historically spent 22.4% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

City Magistrate Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr.	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 20	\$	1,108,312	\$ 1,087,843	23.4%	22.7%
2nd Qtr Oct - Dec 20		1,206,024			
3rd Qtr Jan - Mar 21		1,056,561			
4th Qtr Apr - Jun 21		1,287,401			
Total	\$	4,658,298	\$ 1,087,843	23.4%	22.7%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

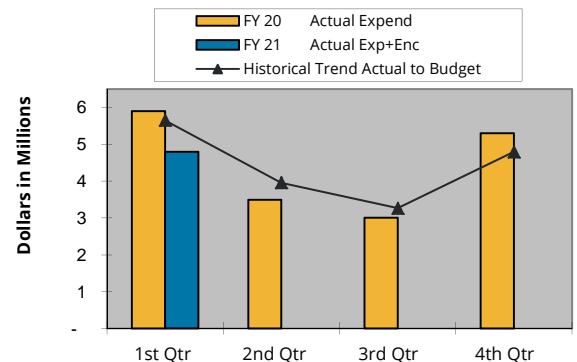
City Magistrate spent 23.4% of their FY 2020-21 adjusted budget and has historically spent 22.7% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

City Manager & Organizational Support Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 20	\$	5,670,812	\$ 4,795,782	27.0%	31.9%
2nd Qtr Oct - Dec 20		3,969,212			
3rd Qtr Jan - Mar 21		3,280,028			
4th Qtr Apr - Jun 21		4,812,699			
Total	\$	17,732,751	\$ 4,795,782	27.0%	31.9%

* Historical Trend represents the average of the past 4 years % of actual to budget



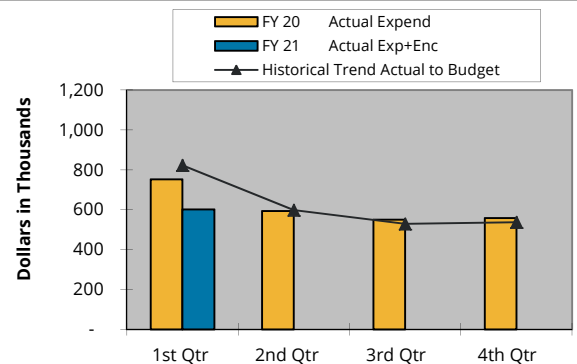
Positive

City Manager & Organizational Support includes the following divisions budgeted in the General Fund: Administration, Buildings & Facilities, Economic Development, Fleet Services, Human Resources, and Transportation Policy. As of FY 2019-20, a reorganization occurred transferring all of Neighborhood Resources cost center to their own department, Downtown Redevelopment was transferred to the Cultural Development Department, and transferring in Fleet Services from the disbanded Administrative Services Department. Combined, these divisions spent 27.0% of their FY 2020-21 adjusted budget and have historically spent 31.9% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first quarter of FY 2019-20 is due to fixed route transit services.

Communications & Public Affairs Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 20	\$	977,056	\$ 602,042	20.4%	27.8%
2nd Qtr Oct - Dec 20		710,654			
3rd Qtr Jan - Mar 21		628,617			
4th Qtr Apr - Jun 21		637,541			
Total	\$	2,953,868	\$ 602,042	20.4%	27.8%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

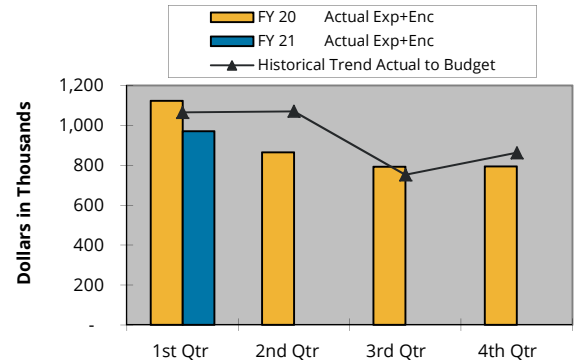
Communications and Public Affairs (CAPA) spent 20.4% of their FY 2020-21 adjusted budget and has historically spent 27.8% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Cultural Development Expenditure 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 1,063,124	\$ 970,826	25.6%	28.1%
2nd Qtr	Oct - Dec 20	1,101,092			
3rd Qtr	Jan - Mar 21	759,374			
4th Qtr	Apr - Jun 21	873,280			
Total		\$ 3,796,870	\$ 970,826	25.6%	28.1%

* Historical Trend represents the average of the past 4 years % of actual to budget



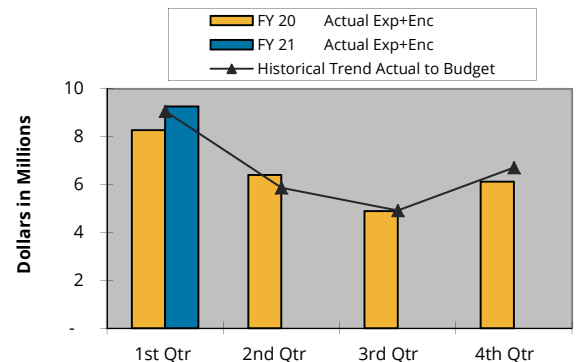
Positive

Cultural Development includes the following cost centers: Administration, Center for the Arts, Downtown Redevelopment, Museum, and Special Events. The department spent 25.6% of their FY 2020-21 adjusted budget and has historically spent 28.1% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Community Services Expenditure 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 9,573,476	\$ 9,262,523	32.9%	32.2%
2nd Qtr	Oct - Dec 20	6,194,602			
3rd Qtr	Jan - Mar 21	5,349,883			
4th Qtr	Apr - Jun 21	7,039,320			
Total		\$ 28,157,281	\$ 9,262,523	32.9%	32.2%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

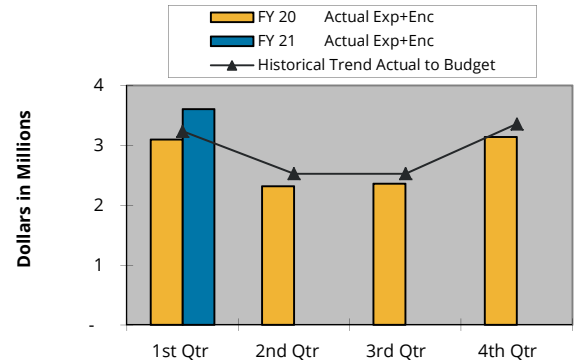
Community Services includes the following divisions budgeted in the General Fund: Administration, Aquatics, Library, Nature & Recreation Facilities, Park Development & Operations, Recreation, and Sports & Fitness Facilities. The department spent 32.9% of their FY 2020-21 adjusted budget and has historically spent 32.2% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Information Technology Expenditure 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 20	\$	3,741,035	\$ 3,602,634	27.0%	24.2%
2nd Qtr Oct - Dec 20		2,939,385			
3rd Qtr Jan - Mar 21		2,939,385			
4th Qtr Apr - Jun 21		3,741,035			
Total	\$	13,360,840	\$ 3,602,634	27.0%	24.2%

* Historical Trend represents the average of the past 4 years % of actual to budget



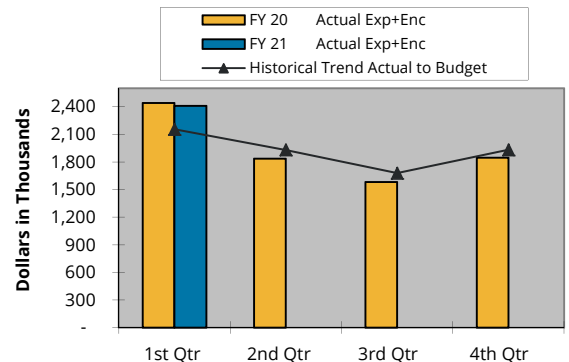
Positive

Information Technology spent 27.0% of their FY 2020-21 adjusted budget and has historically spent 24.2% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Management Services Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr Jul - Sep 20	\$	2,290,902	\$ 2,409,023	29.4%	26.3%
2nd Qtr Oct - Dec 20		2,052,411			
3rd Qtr Jan - Mar 21		1,784,418			
4th Qtr Apr - Jun 21		2,053,545			
Total	\$	8,181,276	\$ 2,409,023	29.4%	26.3%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

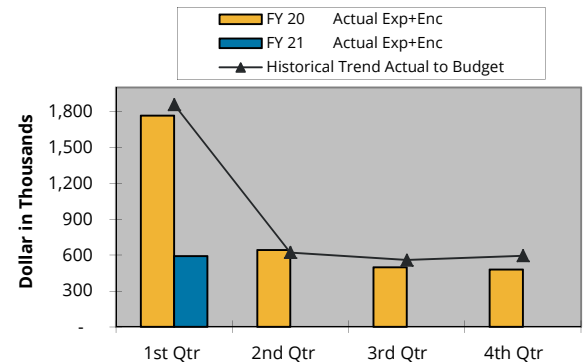
Management Services Department includes the following divisions budgeted in the General Fund: Administration, Accounting, Budget, Central Supply, Purchasing, Tax & License, and Utility Services (reimbursed by the Public Works & Utilities Department through the Indirect Cost Allocation). These divisions spent 29.4% of their FY 2020-21 adjusted budget and have historically spent 26.3% of their adjusted budget through the first quarter of the fiscal year. Higher spending in the first quarter compared to historical trend, is the result of the Arizona Department of Revenue payment for tax administration and collection, which was moved from non-departmental to Management Services in FY 2018-19. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Expenditure Analysis (continued / department summaries):

Neighborhood Resources Expenditure 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 2,059,024	\$ 591,451	14.6%	46.0%
2nd Qtr	Oct - Dec 20	686,341			
3rd Qtr	Jan - Mar 21	605,595			
4th Qtr	Apr - Jun 21	686,342			
Total		\$ 4,037,302	\$ 591,451	14.6%	46.0%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

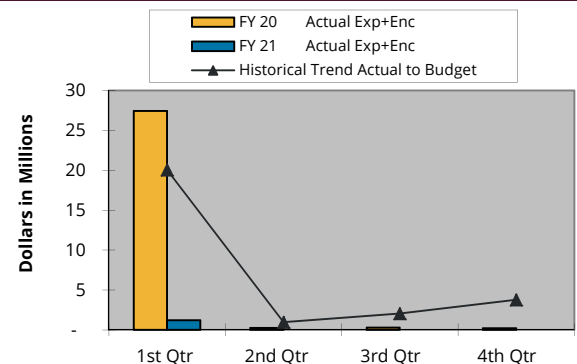
Neighborhood Resources includes the following cost centers: Administration, Community Development, Housing & Redevelopment, and Neighborhood Preservation. The department spent 14.6% of their FY 2020-21 adjusted budget and has historically spent 46.0% of their adjusted budget through the first quarter of the fiscal year. Reduced spending in FY 2020-21 is due the postponement of allocating Non-Profit funding. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Non-Departmental Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 16,619,853	\$ 1,196,280	5.4%	90.2%
2nd Qtr	Oct - Dec 20	800,983			
3rd Qtr	Jan - Mar 21	1,684,721			
4th Qtr	Apr - Jun 21	3,128,353			
Total**		\$ 22,233,910	\$ 1,196,280	5.4%	90.2%

* Historical Trend represents the average of the past 4 years % of actual to budget

** Excludes Reserves and Contingencies



Positive

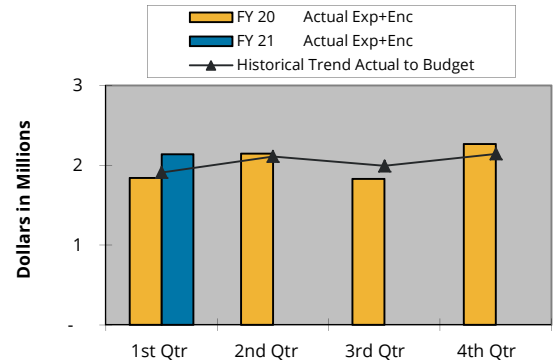
Non-departmental includes citywide costs that do not belong to a specific department or are infrequent/unusual (i.e., memberships, legal fees, studies, strategic economic development opportunities, and miscellaneous downtown redevelopment expenses). Spending in this category fluctuates due to changing one-time needs from year to year. Non-departmental planned spending for FY 2020-21 is 5.4% of the adjusted budget, with historical spending of 90.2% through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first quarter of FY 2019-20 is due to the payment of \$25.7M towards the Public Safety Personnel Retirement System (PSPRS) unfunded liability. This year's payment of \$15M is delayed until COVID-19 revenue impacts are better known.

Expenditure Analysis (continued / department summaries):

Development Services Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 2,182,737	\$ 2,138,192	22.5%	20.1%
2nd Qtr	Oct - Dec 20	2,467,442			
3rd Qtr	Jan - Mar 21	2,277,639			
4th Qtr	Apr - Jun 21	2,562,344			
Total		\$ 9,490,162	\$ 2,138,192	22.5%	20.1%

* Historical Trend represents the average of the past 4 years % of actual to budget



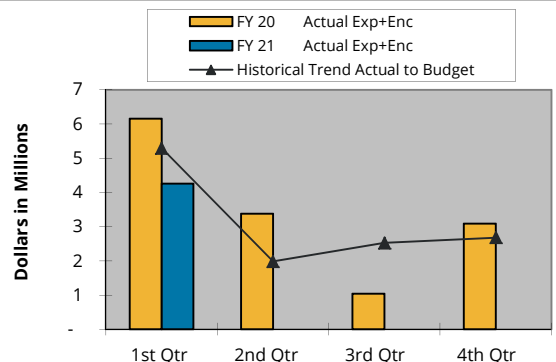
Positive

Development Services includes the following cost centers: Administration, Building Safety, Engineering, and Planning. The department spent 22.5% of their FY 2020-21 adjusted budget and has historically spent 20.1% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. When evaluating permit activity, we also see that the number and values of permits continue to be very strong in FY 2020-21.

Public Works & Utilities Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 4,938,062	\$ 4,254,619	36.2%	45.0%
2nd Qtr	Oct - Dec 20	1,881,166			
3rd Qtr	Jan - Mar 21	2,351,458			
4th Qtr	Apr - Jun 21	2,586,604			
Total		\$ 11,757,290	\$ 4,254,619	36.2%	45.0%

* Historical Trend represents the average of the past 4 years % of actual to budget



Positive

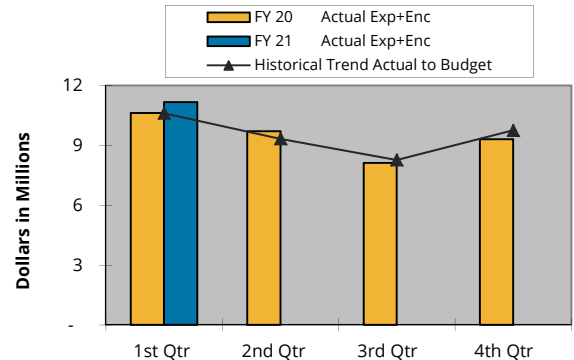
Public Works & Utilities includes the following divisions budgeted in the General Fund: Administration, Capital Projects, Streets, Street Sweeping, and Traffic Engineering. The department spent 36.2% of their FY 2020-21 adjusted budget and has historically spent 45.0% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end. Higher spending in the first quarter of FY 2019-20 was due to a large encumbrance in street maintenance.

Expenditure Analysis (continued / department summaries):

Fire Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 11,196,047	\$ 11,164,550	27.9%	26.5%
2nd Qtr	Oct - Dec 20	9,996,470			
3rd Qtr	Jan - Mar 21	8,796,894			
4th Qtr	Apr - Jun 21	9,996,470			
Total		\$ 39,985,881	\$ 11,164,550	27.9%	26.5%

* Historical Trend represents the average of the past 4 years % of actual to budget



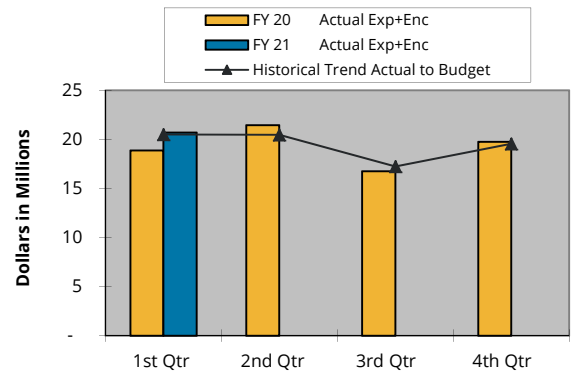
Positive

Fire includes the following cost centers: Administration, Health & Medical Services, Operations, Prevention & Preparedness, and Support Services. The department spent 27.9% of their FY 2020-21 adjusted budget and has historically spent 26.5% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Police Expenditure FY 2020-21 Comparison

		FY 21 Adjusted Budget	FY 21 Actual Exp+Enc	% of Budget Expended by Qtr	*Hist. Trend % of Budget
Operating Only					
1st Qtr	Jul - Sep 20	\$ 20,694,108	\$ 20,698,507	26.0%	25.7%
2nd Qtr	Oct - Dec 20	20,694,108			
3rd Qtr	Jan - Mar 21	17,510,399			
4th Qtr	Apr - Jun 21	20,694,108			
Total		\$ 79,592,723	\$ 20,698,507	26.0%	25.7%

* Historical Trend represents the average of the past 4 years % of actual to budget



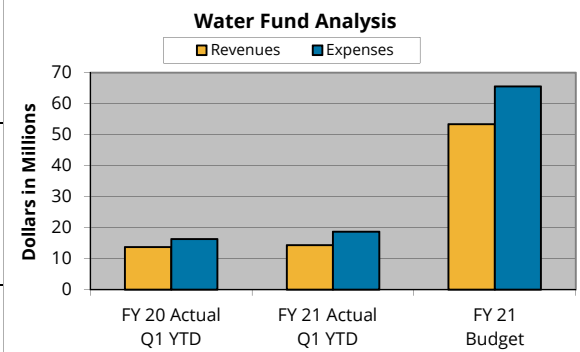
Positive

Police includes the following cost centers: Administration, Communications, Criminal Investigations, Detention Services, Field Operations, Forensic Services, Operational Support, Planning & Research, Professional Standards, Property & Evidence, Records, and Technology. The department spent 26.0% of their FY 2020-21 adjusted budget and has historically spent 25.7% of their adjusted budget through the first quarter of the fiscal year. This results in a positive performance indicator, with the expectation to be within budget by fiscal year end.

Enterprise Fund Analysis:

Water Fund Analysis FY 2020-21 Comparison

Water Fund	FY 21 Adjusted Budget	FY 21 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 53,361,300	\$ 14,294,808	27%	23%
Total Revenues	\$ 53,361,300	\$ 14,294,808	27%	23%
Operating Expenses	\$ 33,858,279	\$ 16,599,232	49%	42%
Major Capital Expenses	14,202,389	1,038,702	7%	4%
Debt Service	13,876,087	-	0%	0%
Transfers Out	3,642,994	1,040,415	29%	28%
Total Expenses	\$ 65,579,749	\$ 18,678,349	28%	28%
Net Rev / Exp	\$ (12,218,449)	\$ (4,383,541)		



Positive

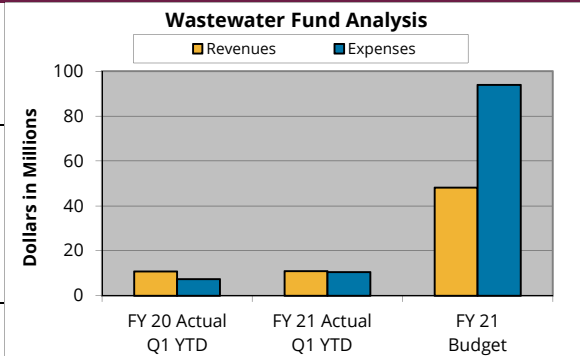
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Water Operating Fund includes the following cost centers: Administration, Environmental Resources, Meter Services, San Tan Vista Water Treatment Plant, Water Capital, Water Distribution, Water Quality, Water Treatment Plant, and Water Systems Maintenance. The Water Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2020-21 reflects a planned \$12.2M drawdown to fund balance due to increased pay as you go Capital spending. The budgeted Transfers Out total of \$3,642,994 includes indirect cost allocation to the General Fund of \$3,422,705, payment of \$172,873 to the Technology Replacement Fund, payment of \$26,351 to the Workers' Compensation Self-Insurance Trust, and payment of \$21,065 to the Uninsured Liability Self-Insurance Fund.

Year-to-date **Operating Revenues** through the first quarter are 27% compared to 23% through the first quarter of FY 2019-20, while **Operating Expenses** through the first quarter are 49% of budget as compared to 42% through the first quarter of FY 2019-20. The first quarter of the fiscal year includes an encumbrance (\$2.9M) recorded at the start of the fiscal year for water purchases to be made through the end of the fiscal year, with revenues more equally apportioned throughout the year. By adjusting for that encumbrance, the resulting fund indicator is positive.

Wastewater Fund Analysis FY 2020-21 Comparison

Wastewater Fund	FY 21 Adjusted Budget	FY 21 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Revenues	\$ 48,191,730	\$ 10,961,107	23%	21%
Total Revenues	\$ 48,191,730	\$ 10,961,107	23%	21%
Operating Expenses	\$ 21,057,607	\$ 7,387,217	35%	27%
Major Capital Expenses	51,545,009	2,376,931	5%	2%
Debt Service	18,708,188	-	0%	0%
Transfers Out	2,614,291	740,919	28%	27%
Total Expenses	\$ 93,925,095	\$ 10,505,067	11%	10%
Net Rev / Exp	\$ (45,733,365)	\$ 456,040		



Positive

The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

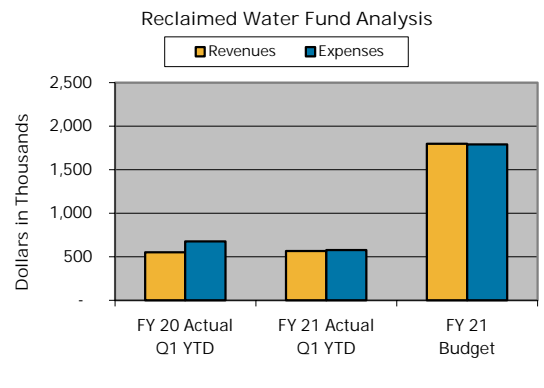
The Wastewater Operating Fund includes the following cost centers: Airport Water Reclamation Facility, Lone Butte Wastewater Treatment, Ocotillo Brine Reduction Facility, Ocotillo Water Reclamation Facility, Wastewater Capital, Wastewater Collection, and Wastewater Quality. The Wastewater Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2020-21 reflects a planned \$45.7M drawdown to fund balance due to increased pay as you go Capital spending, and also assumes all operating and capital funds are spent, which is typically not the case. The budgeted Transfers Out total of \$2,614,291 includes indirect cost allocation to the General Fund of \$2,465,196, payment of \$116,461 to the Technology Replacement Fund, payment of \$17,587 to the Workers' Compensation Self-Insurance Trust, and payment of \$15,047 to the Uninsured Liability Self-Insurance Fund.

Year-to-date **Operating Revenues** through the first quarter are 23% of budget compared to 21% through the first quarter of FY 2019-20, while **Operating Expenses** through the first quarter are 35% of budget as compared to 27% through the first quarter of FY 2019-20. The performance indicator is positive since percentage of operating revenues received to date (23%) exceeds the percentage of operating expenses spent to date (16%, including debt service and indirect cost allocation). Uncollectible balances have increased due to COVID-19, and staff are kicking off a program in October to help address this issue.

Enterprise Fund Analysis (continued):

Reclaimed Water Fund Analysis FY 2020-21 Comparison

	FY 21 Adjusted Budget	FY 21 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Reclaimed Water				
Revenues	\$ 1,796,200	\$ 565,260	31%	29%
Total Revenues	\$ 1,796,200	\$ 565,260	31%	29%
Operating Expenses	\$ 1,704,849	\$ 555,041	33%	39%
Transfers Out	83,536	20,884	25%	25%
Total Expenses	\$ 1,788,385	\$ 575,925	32%	38%
Net Rev / Exp	\$ 7,815	\$ (10,665)		



Positive

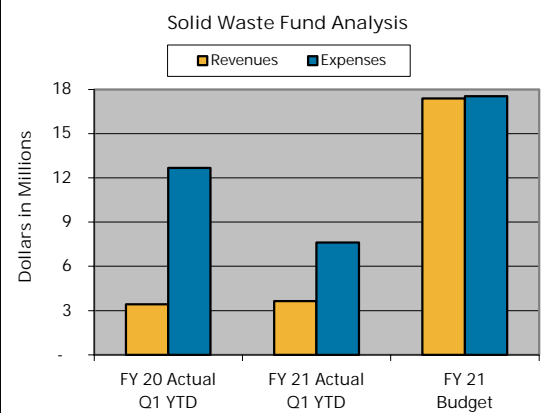
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Reclaimed Water Operating Fund supports operating functions only. The Net Revenue/Expense for FY 2020-21 reflects a increase of \$7,815 to fund balance at fiscal year-end. Transfers Out totaling \$83,536 include an indirect cost allocation to the General Fund of \$82,361, payment of \$745 to the Workers' Compensation Self-Insurance Trust, and payment of \$430 to the Uninsured Liability Self-Insurance Fund.

Year-to-date Operating Revenues through the first quarter are 31% of budget compared to 29% through the first quarter of FY 2019-20, while Operating Expenses through the first quarter are 33% of budget as compared to 39% through the first quarter of FY 2019-20. The performance indicator is positive since percentage of operating revenues received to date (31%) exceeds the percentage of operating expenses spent to date (21%, including debt service and indirect cost allocation).

Solid Waste Fund Analysis FY 2020-21 Comparison

	FY 21 Adjusted Budget	FY 21 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Solid Waste				
Revenues	\$ 17,378,178	\$ 3,640,103	21%	20%
Total Revenues	\$ 17,378,178	\$ 3,640,103	21%	20%
Operating Expenses	\$ 15,348,731	\$ 6,923,002	45%	83%
Major Capital Expenses	1,092,980	378,495	35%	22%
Transfers Out	1,094,387	319,389	29%	29%
Total Expenses	\$ 17,536,098	\$ 7,620,886	43%	76%
Net Rev / Exp	\$ (157,920)	\$ (3,980,783)		



Warning

The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

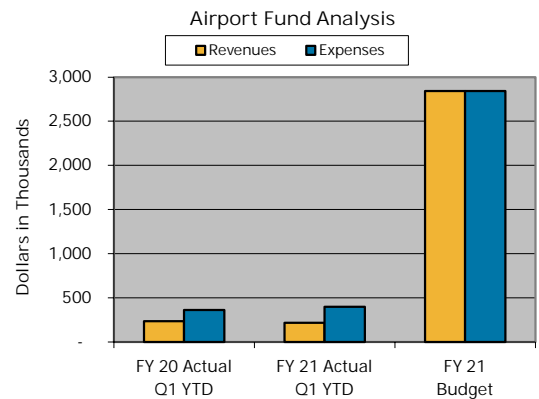
The Solid Waste Operating Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2020-21 reflects a planned drawdown of \$157,920 to fund balance. Transfers Out totaling \$1,094,387 include an indirect cost allocation to the General Fund of \$1,014,258, payment of \$61,077 to the Technology Replacement Fund, payment of \$12,603 to the Workers' Compensation Self-Insurance Trust, and payment of \$6,449 to the Uninsured Liability Self-Insurance Fund.

Year-to-date Operating Revenues through the first quarter are 21% of budget compared to 20% through the first quarter of FY 2019-20, while Operating Expenses through the first quarter are 45% of budget as compared to 83% through the first quarter of FY 2019-20. Operating Expenses reflect an encumbrance (\$3.2M) for the Solid Waste collections contract. This encumbrance only includes the first three months of the contract. The outstanding cost to be encumbered that will support costs through the end of the fiscal year will be recorded in the second quarter and then spent over the remainder of the year, with revenues more equally apportioned throughout the year. By adjusting for the encumbrance, the resulting fund indicator is a warning because the percentage of budget received through the first quarter is above two to five percentage points of historical budget received through the first quarter.

Enterprise / Other Funds Analysis (continued):

Airport Fund Analysis FY 2020-21 Comparison

	FY 21 Adjusted Budget	FY 21 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Airport Fund				
Revenues	\$ 1,010,900	\$ 216,712	21%	24%
General Fund Subsidy	1,830,730	-	0%	0%
Total Revenues	\$ 2,841,630	\$ 216,712	8%	9%
Operating Expenses	\$ 1,377,274	\$ 313,661	23%	26%
Major Capital Expenses	1,350,776	46,857	3%	0%
Transfers Out	113,580	36,824	32%	30%
Total Expenses	\$ 2,841,630	\$ 397,342	14%	15%
Net Rev / Exp	\$ -	\$ (180,630)		



Positive

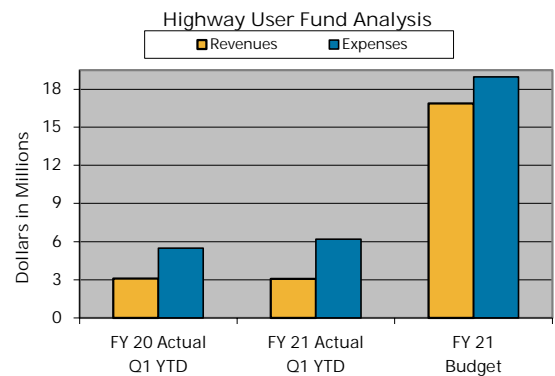
The performance indicator for Enterprise Funds focuses on the relationship between Operating Revenues and Operating Expenses (including debt service and indirect cost allocation) and the percentage of budget received/expended.

The Airport Fund supports operating functions and major capital costs that can be paid without borrowing. The Net Revenue/Expense for FY 2020-21 reflects no budgeted change in fund balance since the General Fund Subsidy is budgeted from the General Fund to make up the funding needed to support operations and/or Major Capital Expenses. The budgeted Transfers Out include indirect cost allocation to the General Fund of \$102,341 and a payment of \$11,239 to the Technology Replacement Fund.

Year-to-date Operating Revenues through the first quarter are 21% of budget compared to 24% through the first quarter of FY 2019-20, while year-to-date Operating Expenses through the first quarter are 23% of budget as compared to 26% through the first quarter of FY 2019-20. The performance indicator is positive since the difference between operating revenues and expenses will be covered by the General Fund as planned. The transfer is not completed until the second quarter.

Highway User Fund (HURF) Analysis FY 2020-21 Comparison

	FY 21 Adjusted Budget	FY 21 Actual Revenue/ Exp+Enc	% of Budget Rec'd/Exp'd to Date	% of Budget Prior Yr
Highway Users Tax	\$ 16,500,000	\$ 2,951,669	18%	18%
Other	372,000	123,289	33%	34%
Total Revenues	\$ 16,872,000	\$ 3,074,958	18%	18%
Operating Expenses	\$ 9,733,665	\$ 3,186,532	33%	29%
Major Capital Expenses	9,113,524	2,873,050	32%	38%
Transfers Out	122,451	120,890	99%	95%
Total Expenses	\$ 18,969,640	\$ 6,180,472	33%	33%
Net Rev / Exp	\$ (2,097,640)	\$ (3,105,514)		



Positive

The performance indicator for this Special Revenue Fund focuses on the relationship between Operating Revenues and Operating Expenses (including debt service) and the percentage of budget received/expended.

Highway Users Tax is collected by the state on all gasoline sales. It is combined with other state-level vehicle related revenues, and distributed to cities and towns by using two formulas based upon population. Funds are restricted for use on streets and related projects. The Net Revenue/Expense for FY 2020-21 reflects a planned drawdown \$2.1M to fund balance. The budgeted Transfers Out include a payment to the General Fund of \$2,082, a payment of \$26,380 to the Technology Replacement Fund, and a payment of \$93,989 to the Uninsured Liability Self-Insurance Fund for stormwater oversight.

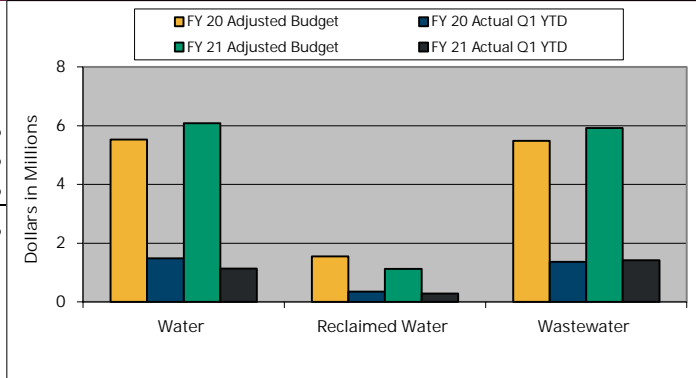
Year-to-date Operating Revenues through the first quarter are 18% of budget as compared to 18% through the first quarter of FY 2019-20, while year-to-date Operating Expenses through the first quarter are 33% of budget as compared to 29% through the first quarter of FY 2019-20. The performance indicator is positive after recognizing revenues are received on a one-month lag, so first quarter revenues only reflect two receipts, while the fourth quarter of each fiscal year reflects four receipts. On an annual basis, this fund is anticipated to perform on a positive indicator.

Other Funds Analysis (continued):

System Development Fee Funds Analysis FY 2020-21 Comparison

System Development Fee (SDF) Funds	FY 21 Adjusted Budget	FY 21 Actual Revenue	% of Budget Rec'd to Date
Water	\$ 6,081,500	\$ 1,142,040	19%
Reclaimed Water	1,132,500	288,699	25%
Wastewater	5,924,500	1,419,429	24%
Total SDF Revenue	\$ 13,138,500	\$ 2,850,168	22%

Note: Budget and Actual amounts reflect SDF revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

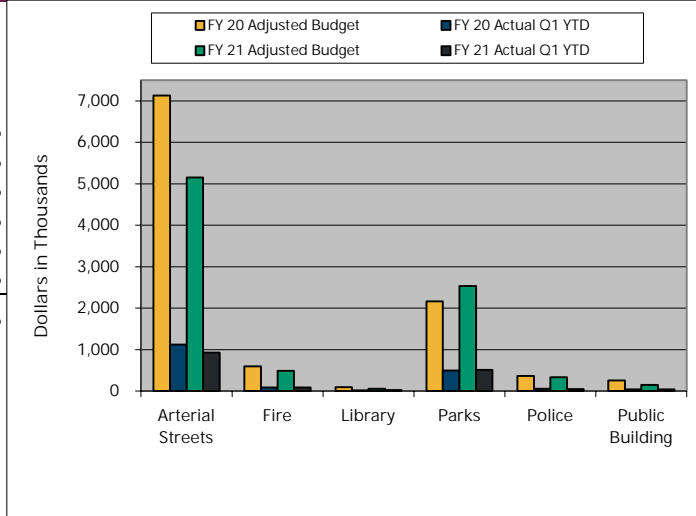


System Development Fees (SDFs) are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2020-21 budget and year-to-date collections through the first quarter compared to the FY 2019-20 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2020-21 were 22% of the budget as compared to the prior year's collections of 26% through the first quarter.

Impact Fee Funds Analysis FY 2020-21 Comparison

Impact Fee Funds	FY 21 Adjusted Budget	FY 21 Actual Revenue	% of Budget Rec'd to Date
Arterial Streets	\$ 5,155,600	\$ 929,877	18%
Fire	485,600	83,542	17%
Library	59,300	23,780	40%
Parks	2,533,900	514,724	20%
Police	333,400	49,597	15%
Public Building	146,000	37,814	26%
Total Impact Revenue	\$ 8,713,800	\$ 1,639,334	19%

Note: Budget and Actual amounts reflect Impact Fee revenues and the interest earned on fund balances, and excludes loan transfers in/out or proceeds from bond sales.

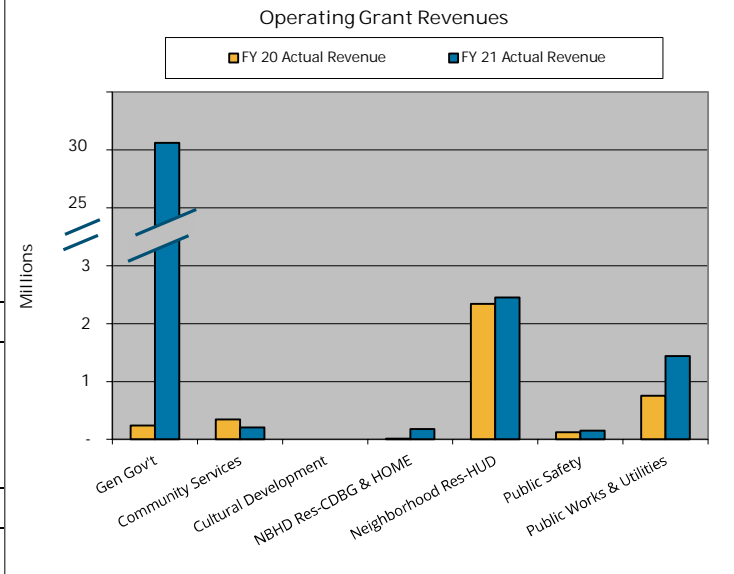


Impact fees are based on development and fluctuate quarterly as well as from year to year. The graph shows the FY 2020-21 budget and year-to-date collections through the first quarter compared to the FY 2019-20 budget and year-to-date collections through the first quarter. Collections through the first quarter of FY 2020-21 were 19% of the budget as compared to the prior year's collections of 17% through the first quarter.

Other Funds Analysis (continued):

Grant Funds Analysis FY 2020-21 Comparison

	FY 21 Actual Revenue	FY 20 Actual Revenue
General Government*	\$ 30,021,169	\$ 14,631
Community Services	207,758	344,524
Neighborhood Res. - CDBG & HOME	182,152	11,859
Neighborhood Res. - HUD	2,452,989	2,342,480
Public Safety	152,677	122,689
Public Works & Utilities	-	-
Total Operating Grant Revenue	\$ 33,016,745	\$ 2,836,182
General Government*	\$ 102,785	\$ 225,051
Community Services	-	-
Cultural Development	-	-
Public Works & Utilities	1,443,297	756,172
Total Capital Grant Revenue	\$ 1,546,082	\$ 981,223
Total Grant Revenue	\$ 34,562,827	\$ 3,817,405



* Includes Airport, CAPA, City Manager, Economic Development, Law, Magistrate, Transportation Policy, and Neighborhood Resources non-entitlement programs.

Grants are an additional source of funds for major capital projects and certain operating programs. Grant sources include federal, state, and county governments as well as donations from businesses, organizations, or individuals to support particular programs. In most cases, grant revenues for many programs are received on a reimbursable basis, so the revenue on a large capital project may lag a fiscal year after the project is initiated.

Actual collections through the first quarter of FY 2020-21 are \$34.6M as compared to \$3.8M collected through the first quarter of FY 2019-20. The increase in FY 2020-21 in General Government reflects AZCares Funds received in FY 2019-20 in the Non-Departmental cost center.